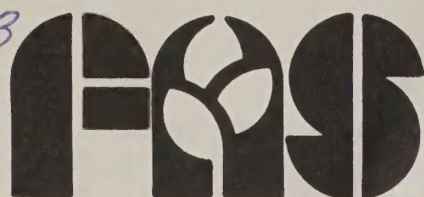


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REPORT

United States
Department of
Agriculture

Foreign
Agricultural
Service

Washington, D.C. 20250

WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 37-81

WASHINGTON, Sept. 16--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

CHINA's reports on the recently completed summer grains harvest (mostly winter wheat and early rice) indicate that the 1981 grain outturn, as defined by the Chinese, will likely fall within the range of 315 million tons to 325 million tons, compared with the 1979 and 1980 outturns of about 332 million tons and 318 million tons respectively. If so, China's grain imports will remain high and likely will increase, especially during the first half of calendar 1982.

China reportedly harvested about 60 million tons of summer grain this year, up about 3 million tons from last year's very poor harvest, and the early rice outturn was said to be about 1 million tons above the poor 1980 crop. Early rice and summer grain normally account for roughly 37 percent of China's grain crop. Intermediate and late rice, which together comprise over 60 percent of the rice outturn and about one-fourth of the grain, should be moderately up over last year. Information to date for coarse grains suggests outturn this year will be down from the record levels of the past several years.

Over much of northwest INDIA, dry weather has signaled an apparent early withdrawal of the (June-September) southwest monsoon. Rainfall since Aug. 15 has been confined mainly to southern and eastern areas. An early break in summer rains could adversely impact the planting of winter grains. As a result, the next three weeks are more crucial than usual. Total feed grain production prospects for fall and early winter harvested crops may diminish if below normal rainfall continues during the remainder of the monsoon season.

Recent reports show drought conditions in parts of Punjab, Haryana and western Uttar Pradesh. These areas are the source of a large amount of rice for the public distribution system. Damage to the northern rice crop would increase the need for additional wheat imports, above the 1.6 million tons already purchased, as rice and wheat are easily substituted in the food for work program.

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In the UNITED KINGDOM, wheat and barley yields have been reduced by cool weather in late spring and extended dry periods since mid-July. A further reduction has been caused by a decline in fertilizer application. This combination of unfavorable weather and reduced fertilizer use has resulted in a 10-percent decline in wheat outturn and a 7-percent drop in barley production. Exports of both wheat and barley, therefore, will be sharply constrained, compared with last year's record volumes.

INDONESIA's rice production this year is likely to reach a record 21 million tons (milled basis)--an increase of 800,000 tons from the 1980/81 outturn. Exceptionally favorable weather and a record planted area have contributed to the increase. Yields are forecast at a record 3.39 tons per hectare. This compares with the previous record of 3.30 tons per hectare harvested last year.

ARGENTINA's 1981 corn and sorghum estimates have been revised upward. Corn production is now placed at a record 13 million tons, more than double last year's level. Estimated sorghum outturn also is increased to 7.1 million tons, against last year's 2.96 million tons and only 1 percent below the record set in 1978.

U.S. EXPORTS OF WHEAT PRODUCTS during the last four seasons (1977/78-1980/81) have ranged from about 700,000 to 800,000 tons. This category accounts for all wheat flour (including clears), as well as bulgar, semolina, farina and rolled, cracked and crushed wheat. Shipments under P.L. 480, Title II are not included.

As of mid-August, U.S. exports of wheat products were nearly 42 percent above exports this time a year ago. Egypt, Saudi Arabia and Sudan had made purchases by that date which were appreciably above levels at the same time last year.

In 1980/81, exports of wheat products slipped by about 8 percent below the 1979/80 level to 750,000 tons, mainly because of sharply lower shipments to Saudi Arabia and Sri Lanka. Last year Saudi Arabian purchases of European Community wheat flour more than doubled, displacing U.S. exports. Total flour imports by Sri Lanka dropped owing to augmented domestic milling capacity and depressed domestic flour consumption.

U.S. exports of wheat products to Sudan in 1980/81 jumped to over 100,000 tons from an average of 20,000 tons over the previous three seasons. This higher level also is expected to be maintained in the current 1981/82 season. It has been suggested that Sudan shifted to more imports of wheat flour in favor of wheat as a result of technical difficulties experienced by the domestic milling industry.

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Over the last four seasons, exports of U.S. wheat products to Africa as a percentage of total wheat products exports have tended to increase, while exports to Asia and Oceania have shown a decline. Egypt consistently has proven to be the largest U.S. wheat products market, followed by Saudi Arabia and Sri Lanka. In 1980/81, Sudan replaced Sri Lanka as the third largest U.S. market.

COTTON

TURKEY has increased its seed cotton support prices for the 1981/82 crop by about 26 percent (from TL 50 to TL 63). This level of increase was disappointing to producers, who claim they are unable to cover production costs at the established prices. Discontented farmers have applied to the President to intervene in the situation, claiming that such prices will discourage future cotton production and possibly cause Turkey to become a cotton importer.

Although it is unlikely that cotton imports will be necessary in the foreseeable future, government policy on related matters may have significant impact on the cotton industry. For example, price stabilization fund's rate of export deposit should determine the competitiveness of Turkish cotton in the international market during the 1981/82 season. The government has not yet announced this export rate.

DAIRY, LIVESTOCK AND POULTRY

The EUROPEAN COMMUNITY Commission reduced export subsidies, effective Aug. 28, on most cheese shipments to the United States as a result of rising U.S. prices and a stronger dollar. Subsidies for Swiss-type cheeses dropped from 14 cents to 11 cents per pound; cheddar, from 13 cents to 3 cents; edam and gouda, from 5 cents to zero; colby, from 13 cents to 3 cents and mozzarella, from 5 cents to zero.

HORTICULTURAL AND TROPICAL PRODUCTS

ISRAEL's 1981/82 avocado crop is projected to reach 45,000 tons, up from 7,800 tons the preceding season. The unprecedented drop in output during the 1980/81 season was the result of alternating periods of extreme heat and unseasonably cold winds during the blooming stage.

Yields this year are expected to recover from the 1980/81 low of 2.1 tons per hectare to a more normal level of approximately 10 tons per hectare. A 22-percent increase in bearing area also is anticipated--from 3,700 hectares in 1980/81 to 4,500 hectares in 1981/82 with the large number of new plantings starting to bear fruit.

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In MALAYSIA, the Federal Land Development Authority (FELDA), in a joint venture with Nestle SA Switz, plans to build a new cocoa processing factory in the State of Selangor, Peninsular Malaysia. The annual grinding capacity is estimated at 6,000 tons of cocoa beans destined for both domestic and export markets. Construction on the new facility is scheduled to begin in 1982.

The EUROPEAN COMMUNITY established export subsidies for fresh fruits and vegetables, effective July 18. The subsidy for peach exports has been raised from 5 to 12 European Currency Units (ECU) for member countries. For Greece, a subsidy of 2.06 ECU's has been granted. The refund established for orange exports, previously 5.32 ECU's for the Brondo and the Sangiugno varieties and 9.67 for all other varieties, has been eliminated. The tomato subsidy has been re-introduced at 4.50 ECU's.

Export subsidies for the other items listed in the July 18 Commission regulation (No. 2000/81) remain unchanged from the June regulation (No. 1582/81). These commodities and the ECU subsidies include: almonds, 9.67; apples, 3.63 or 12 (depending on destination); table grapes, open ground 4.84 and hothouse 19.34; hazelnuts, 14.51; lemons, 6.04 for export to Central or Eastern Europe and 4.23 to other destinations; and walnuts, 14. (As of Sept. 1, 1 ECU equaled US \$1.025. Subsidies are listed per 100 kilogram net.)

CAMEROON coffee production for 1981/82 is estimated at 1.79 million bags of 60 kilogram each. Of this amount, 74 percent is robusta coffee and the remainder is arabica. This new production estimate is a substantial improvement over the 1.60 million bags forecast earlier and represents a 2-percent increase over last year's crop.

Cameroon is normally the fourth largest coffee producer in Africa behind only the Ivory Coast, Ethiopia and Uganda. With this season's improved prospects resulting from good growing conditions, Cameroon now ranks eleventh among the world's major coffee producing countries. The improved crop in Cameroon further enhances world coffee production for 1981/82, which is currently estimated at 95.3 million bags, up 14 percent from the 1980/81 world crop.

WORLD TEA PRODUCTION in 1981 is forecast at a record 1.85 million tons, up slightly from the 1980 harvest of 1.83 million tons. The bumper crop is due largely to production increases in Sri Lanka, Bangladesh, Mainland China, Kenya, Turkey, and Indonesia. The good crop prospects in these producing countries more than offset the expected reduced output in India, the world's largest producer, which accounted for about 30 percent of 1981 world production. Based on past performance, the chances are two out of three that this estimate of world production will not vary more than 2 percent from the actual outturn.

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Total production estimates for the world's ten major tea producing countries for 1981 (with revised 1980 estimates in parentheses) are as follows, in 1,000 tons: India 560.0 (577.0); Mainland China 340.0 (330.0); Sri Lanka 205.0 (191.4); USSR 115.0 (112.0); Turkey 110.0 (105.0); Japan 105.0 (102.3); Kenya 94.0 (89.9); Indonesia 81.0 (78.5); Bangladesh 43.5 (39.9) and Malawi 32.0 (29.9). These ten countries are expected to produce an estimated 1.69 million tons of tea in 1981, representing 91 percent of the anticipated world crop.

MISCELLANEOUS

An expected increase in world economic growth could boost U.S. agricultural exports by mid-1982. Two basic factors have and will continue to influence agricultural exports over the next year; world economic growth and high U.S. interest rates. Over the past year, the developed and developing countries have experienced stagnant to moderate economic growth. This has slowed per-capita-income growth and dampened overall demand for goods and services. Analysts expect a turnaround and this could benefit U.S. agricultural trade.

High U.S. interest rates have had a two-fold impact: First, they have promoted rapid appreciation of the dollar against major world currencies, thereby making U.S. exports relatively more expensive in the absence of other trade barriers. This dampens demand for U.S. exports in general, including agricultural exports. The appreciation should widen the U.S. trade deficit in 1981 and continue to influence trade flows during 1982. Second, the rates have increased borrowing costs for developing countries. Insofar as these countries finance some portion of their agricultural imports, it is to be expected that continued high interest rates will tend to dampen their demand for agricultural exports. However, most analysts expect that in 1982 the dollar will soften relative to its current position and this could benefit U.S. exports in general.

RECENT FOREIGN AGRICULTURE CIRCULARS

Reference Tables on the Major Producers and Consumers of
Peanuts and Peanut Products, FOP 15-81
1980/81 U.S. Cotton Exports Drop 36 Percent, FC 19-81
Quota Cheese Imports for July Continue to Increase Over 1980
Levels, FD 5-81
Fresh Deciduous Fruit and Grapes: Production and Trade
Statistics in Selected Countries, FDAP 2-81
U.S. Exports of Livestock and Livestock Products Exceed
Imports for First Six Months, FLM MT 17-81
1981 World Tobacco Use Up--Stocks Lowest in Six Years, FT 5-81
World Unmanufactured Tobacco Trade Down in 1980, FT 6-81

TO ORDER, Contact: U.S. Department of Agriculture, FAS Information Services Staff, 5918-South, Washington, D.C. 20250. Tel. (202) 447-7937.

Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	: : Sept. 15, 1981 :	: : Change from : previous week :	: : A year : ago :	
	\$ per m. ton	\$ per bu.	¢ per bu.	\$ per m. ton
Wheat				
Canadian No. 1 CWRS-13.5%.....	214.00	5.82	-14	<u>1/</u>
U.S. No. 2 DNS/NS: 14%.....	189.00	5.14	-14	213.00
U.S. No. 2 DHW/HW: 13.5%.....	203.00	5.52	+08	210.00
U.S. No. 2 S.R.W.....	175.50	4.78	-17	200.00
U.S. No. 3 H.A.D.....	190.00	5.17	-16	301.00
Canadian No. 1 A: Durum.....	212.00	5.77	-18	<u>1/</u>
Feed grains:				
U.S. No. 3 Yellow Corn.....	130.00	3.30	-30	162.00
U.S. No. 2 Sorghum <u>2/</u>	141.00	3.58	-15	174.00
Feed Barley <u>3/</u>	145.00	3.16	-17	172.00
Soybeans:				
U.S. No. 2 Yellow.....	257.50	7.01	-28	326.50
Argentine 4/.....	<u>1/</u>	<u>1/</u>	<u>1/</u>	322.25
U.S. 44% Soybean Meal (M.T.)..	234.00	--	<u>0</u> <u>5/</u>	290.00
EC Import Levies				
Wheat <u>6/</u>	69.60	1.89	-04	108.50
Barley.....	70.75	1.54	+04	93.55
Corn.....	86.70	2.20	+30	106.60
Sorghum.....	72.45	1.84	+15	90.65

1/ Not available.

2/ Optional delivery: U.S. or Argentine Granifero Sorghum.

3/ Optional delivery: U.S. or Canadian Feed Barley

4/ Optional delivery: Brazil yellow.

5/ Dollars per metric ton.

6/ Durum has a special levy.

Note: Basis October delivery.

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WASHINGTON, D.C. 20250

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